

ASSEMBLY BILL

No. 1277

Introduced by Assembly Member Harkey

February 27, 2009

An act to add Section 16752.2 to the Government Code, relating to state finance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1277, as introduced, Harkey. State bonds: sale.

Existing law authorizes the Treasurer to cancel or postpone the sale of state bonds to an indefinite date prior to or at the time and place fixed for the sale of state bonds.

This bill would further authorize the Treasurer to delay the sale of certain bonds under 3 specified conditions.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 16752.2 is added to the Government
2 Code, to read:
3 16752.2. The Treasurer may delay the sale of bonds that are
4 subject to approval pursuant to Section 1 of Article XVI of the
5 California Constitution and the principal and interest for which
6 will be met exclusively from General Fund revenues, if any of the
7 following conditions are met:
8 (a) The Treasurer, in consultation with the Controller and the
9 Director of Finance, determines that making principal and interest
10 payments would result in payments from the General Fund for

1 total debt service on bonds subject to this section that exceed 6
2 percent of the total General Fund revenues for the current fiscal
3 year.

4 (b) The cost of commercial paper needed to fund a start-up loan
5 would be more than three times the normal costs of commercial
6 paper experienced by the Treasurer over the last two fiscal years.

7 (c) The Treasurer determines that the Pooled Money Investment
8 Account does not have sufficient funds to loan an amount equal
9 to the bond proceeds, as provided for in Section 16313.